



BEFORE THE STATE BOARD OF EQUALIZATION  
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of }  
ZOE AKINS RUMBOLD }

Appearances:

For Appellant: R. R. Rounsavell

For Respondent: W.M. Walsh, Assistant Franchise Tax Commiss:

O P I N I O N

This appeal is made pursuant to Section 19 of the Personal Income Tax Act of 1935 (Chap. 329, Stats. of 1935, as amended) from the action of the Franchise Tax Commissioner in overruling the protests of Appellant to his proposed assessment of an additional tax in the amount of \$673.09 for the taxable year ended December 31, 1935, and to his proposed assessment of an additional tax in the amount of \$49.28 for the taxable year ended December 31, 1936.

The Appellant is an authoress and playwright who prior to January 1, 1935, incurred obligations to Myron Selznick, Inc. as agent's fees. Of these obligations \$2,400.00 were paid in 1935, and \$260.00 were paid in 1936. During the year 1936, Appellant also paid \$931.35 to the Federal government as interest upon delinquent income taxes for the year 1931. It appears that Appellant keeps her books and reports her income upon the basis of cash receipts and disbursements. The Commissioner refused to allow any of these items as deductions from her gross income for 1935 and 1936, citing, as supporting his action, the following provisions of the Personal Income Tax Act:

"Sec. 9(a): "In computing net income no deduction shall in any case be allowed in respect of ...

"(5) Any amount otherwise allowable as a deduction which is allocable to one or more classes of income, . . . wholly exempt from the taxes imposed by this act . . . ."

Sec. 36: "This act . . . shall apply to the net income of persons taxable hereunder received or accrued on and after January 1, 1935."

We believe that all of the above items are allocable to a class of income wholly exempt from the tax within the meaning of Section 9(a)(5), namely, income received prior to January 1, 1935. Accordingly, they do not constitute proper deductions from gross income.

Appeal of Zoe Akins Rumbold

O R D E R

Pursuant to the views-expressed in the opinion of the Board on file in this proceeding, and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the action of Chas. J. McColgan, Franchise Tax Commissioner, in overruling the protests of Zoe Akins Rumbold to proposed assessments of additional taxes in the amounts of \$6'73.09 and \$49.28 for the taxable years ended December 31, 1935, and December 31, 1936, respectively, be and the same is hereby sustained.

Done at Sacramento, California, this 15th day of November, 1939.

Fred E. Stewart, Member  
George R. Reilly, Member  
Harry B. Riley, Member

ATTEST: Dixwell L. Pierce, Secretary